Berkshire
DIVIDEND STRATEGY

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Practice Management Insights

Investing for Cash Flow

Predicating and implementing investment decisions based on world macro events and timing the market is a very difficult business. For example, the last election and resulting market reaction caught many investors poorly positioned and many missed a large part of the rally.

What happens now? Is it now obvious the promise of increased stimulus and looser regulations on business will boost earnings and justify these higher stock prices? Or is it obvious it is 'too much too fast' and that many of the economic reforms may fail to materialize, or be ineffective. Is it obvious the dollar will keep rising as the Fed raises rates, or is it obvious Europe and the rest of the world will see a long needed revival. What's more, how can the average investor discern how much of these factors are already priced into the markets.

We believe investors are not well served trying to handicap this or any other very complicated world macro events, even as they put pressure (up and down) on our markets.

That's why it is important to remind our clients about the importance of investing for cash flow growth, as opposed to constantly obsessing over market direction. We believe $1,000,000 invested in our strategy could potentially generate $32,000 in dividends today, $49,000 in five years, $75,000 in ten years and $179,000 in twenty years.*

Is total return important? Of course. But this focus on cash flow is the type of investing that satisfies what we believe is the real objective of most clients. That is to keep the bills paid, generate real increases in purchasing power now, during retirement and even for future generations.

And when the rest of the world seems to be suffering from macro confusion, isn't it comforting when clients call that you can remind them they are invested in enduring, well capitalized companies that produce tangible products and services, as opposed to more esoteric "black box" strategies they don't understand?

If we can convince clients this is a more desirable approach, it opens them up to higher equity allocations, aligns performance expectations properly and hopefully prevents emotional ad-hoc changes to their plans. We feel many can benefit from this disciplined approach.

For more information on Berkshire Dividend Growth Strategy, please contact us.

Best Regards,
Gerry

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Berkshire is a fee-based, SEC registered advisory firm serving the portfolio management needs of high net worth and institutional clients. Over the past 29 years, we have successfully implemented highly focused equity, fixed income and balanced portfolios. Our guiding principle is a belief that success is achieved by combining rigorous, well-crafted investment processes with an exceptional level of client service and attention to detail. Asset Management with a Difference... Diligence, Integrity, and Focus.

Dividend Highlights

- Dividend growth can often provide transparent insight into a company's fundamentals and vitality.
- Dividend growth can provide an attractive stream of increasing cash flow to satisfy many financial objectives.

Berkshire Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). Berkshire Asset Management is a fee-based, SEC registered advisory firm serving the portfolio management needs of institutional and high-net worth clients. The Dividend Growth Composite contains portfolios invested in Berkshire's Dividend Growth Strategy with an equity allocation target of 90% - 100%. The Dividend Growth Strategy's primary objective is to generate a growing stream of equity income by investing in a diversified portfolio of equities with stable, high, and growing dividends. The benchmark is the S&P 500 Index. The index returns are provided to represent the investment environment existing during the time periods shown. For comparison purposes, the index is fully invested, does not include any trading costs, management fees, or other costs, and the reinvestment of dividends and other distributions is assumed. An investor cannot invest directly in an index. Gross returns are presented before management and other fees but after all trading expenses. Net returns are calculated by deducting actual management fees from gross returns. Returns reflect the reinvestment of dividends and other earnings. Valuations are computed and performance is reported in U.S. dollars. To receive a complete list of composite descriptions and/or a compliant presentation, contact Jason Reilly, CFP® Tel: 570-825-2600 or info@berkshiream.com. Past performance does not guarantee future results.

Definitions: The S & P 500 Index is a market capitalization weighted index of the largest 500 U.S. stocks. It is a market-value weighted index (stock price times # of shares outstanding), with each stock's weight in the index proportionate to its market value. The index is designed to measure changes in the economy and is representative of most major industries. You cannot invest directly in an index. Beta is a measure of volatility vs. an index. Upside/Downside capture ratios refer to a portfolios performance as a percentage of either positive returns (upside) or negative returns (downside) vs. an index. Standard Deviation is a measure of total risk. Alpha, Beta and capture ratios are represented as calculated by Morningstar.

Risks: Past performance does not guarantee future results. All investing carries risk including risk of principal or income loss. Dividends are subject to change, are not guaranteed, and may be cut. Investing based on dividends alone may not be favorable as it does not include all material risks. There is no guarantee any stated (or implied) portfolio or performance objective mentioned by Berkshire can be met. Berkshire's equity style may focus its investments in certain sectors or industries, thereby increasing potential volatility relative to other strategies or indices.

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**Platform restrictions may apply. Preliminary returns are based on composite estimates only. Individual accounts will vary.*